

COMMENTARY

TIMELESS MARKET WISDOM THAT MATTERS NOW

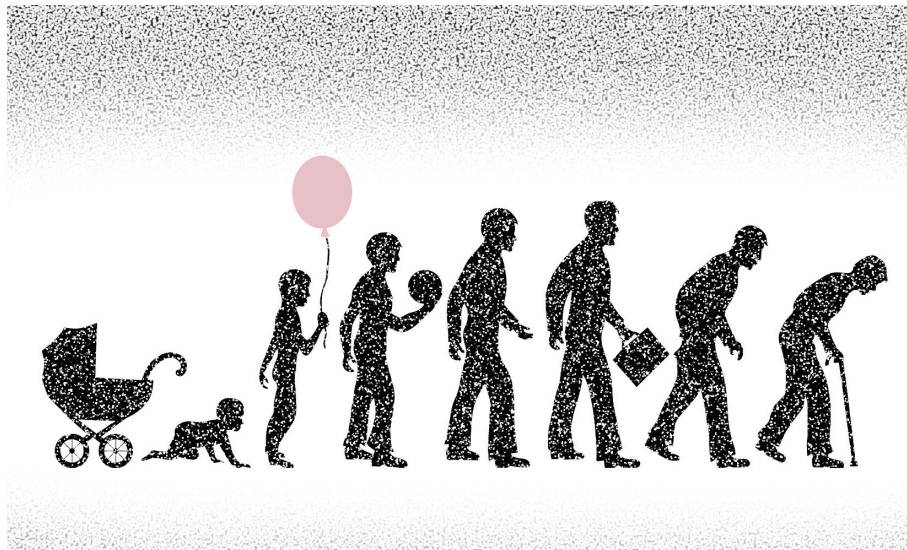
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Financial Planning For All Life's Stages

McRae Capital Management was founded in 1981 as an independent registered investment advisor to provide investment advice for families, private foundations, and company retirement plans. In the 35 years since our formation, investment management has always been at the core of our business.

But that's not all we do. Not by a long shot.

After all, the world is a busy place, and investors—and families—are inundated with a constant flow of information and opinions. Analysts, portfolio managers, and pundits flood the airwaves and the Internet with an endless flow of ideas and commentary. It can be hard to know what's good advice, and what's questionable or self-serving. But one thing's for sure: The infamous 24/7



news cycle seems to encourage extremely short-term thinking. This creates a risky mindset where trying to make outsize returns now, now, NOW can overshadow the consideration of the long term financial goals of individuals and families.

At McRae Capital we've always believed that successful investing is about planning, not reacting. The approach starts with taking a step back and looking at the big picture. Our clients often find that their life paths, while specific to them, share some common stepping

stones—similar lifetime events worth thinking about and planning for. Events like marriage, and having children, and sending those children to college. Incorporating prudent planning for these future events is about much more than maximizing short-term returns—

it's about helping you achieve long term goals. Life goals.

We'd like to take this opportunity to show you what we mean. On the following pages, we highlight the major life stages we see our clients experience, and list the major planning issues worth tackling. Using this infographic won't do the planning for you—but it can be a helpful guide to get you started asking the right questions. If you have any questions about any of these planning points, please give us a call.

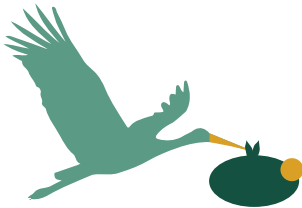
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FINANCIAL PLANNING

With careful, professional planning, each of life's stages (in any order) can be joyfully appreciated, not dreaded as a new source of stress.

- Living on your own
- Learning to budget
- Starting a bank account
- Buying a first car
- Using parents' credit
- Taking on student loans
- Managing financial aid
- Understanding first paycheck
- Paying rent and bills
- Starting a 401k
- Buying health insurance
- Applying for credit
- Filling out tax forms
- Paying student loans
- Paying for wedding
- Commingling assets
- Changing tax status
- Crafting will/living will
- Updating beneficiaries
- Planning for healthcare
- Buying a house

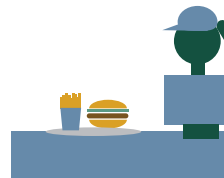
BIRTH



COLLEGE



FIRST JOB



MARRIAGE



Who needs credit?
You'll have plenty of
time to worry about
that later...right?

Contribute to your
401k? You're
scrambling to make
ends meet! Maybe
after your next
raise...

The marriage license
is all the paperwork
we need to worry
about right now.
What else has really
changed?

Want to see how financial planning can help you confidently handle all life's challenges? Call McRae Capital and speak with a financial advisor today.

973-387-1080 | mcraecapital.com



TWO PATHS,
TWO LIVES



- Updating a will
- Expanding insurance
- Saving for college
- Budgeting for a new family
- Don't forget to save for retirement

- Living off your assets
- Reviewing investments
- Controlling expenses
- Downsizing a home
- Taking IRA distributions
- Social Security
- Medicare enrollment

- Updating wills
- Setting up trusts
- Gifting to relatives
- Reviewing investments
- Tax lowering strategies

- Update a living will
- Update healthcare representatives
- Paying for long-term care
- Enabling power of attorney
- Evaluating assisted living

GOOD PLANNING = SATISFACTION

HAVING CHILDREN



RETIREMENT



ESTATE PLANNING



END-OF-LIFE PLANNING



BAD PLANNING = STRESS

Oh, worry about the kids' college when it gets closer—right now you need a better dishwasher.

Retire? But there's no way you can live on Social Security. Maybe you can move in with the kids...

Poor planning has left you with not much to distribute... does debt count?

It's going to be a mess, but it's too late now to do much about it. Why, didn't you call McRae?

PLANNING FOR THE WORST

Assessing your long term goals, planning accordingly, and revisiting details of your plan as each life stage comes up for you is a great general strategy for making financial planning a rewarding way of life. But not everything happens as planned, and sometimes, unfortunately, life throws us a curveball.

Unexpected events can wreak havoc on the best-laid plans. By definition, they're things you haven't planned for, and they instantly expose any gaps in your overall financial planning. Worse, they often involve a powerful emotional component and a need for short-term decisionmaking—imagine the loss of a spouse, for example—and that's a high-octane combination that all too often leads people to make rash decisions that can have dire long term consequences.

Even for these unplannable events, there's help. One of the most important

thinking about them now can help ease that extra burden.

You or a family member may for example be the executor or executrix of the will. This can be a stressful responsibility when dealing with money and other family members, and you'll need to have a team including an attorney, an accountant and a financial advisor like McRae Capital Management to help you through the process. A few specifics to think about:

- Several copies of the death certificate will be needed. Get at least 15.
- First step: The will of the deceased will probably need to go through the probate process. In probate court, the judge will accept the will and name you as executor/executrix, and you'll receive either a surrogate certificate or Letters Testamentary that, together with the death certificate, will allow you to act on behalf of your deceased family member.
- Assets will have to be identified,

Unfortunate Event: Divorce

Divorce is one of the most upsetting, stressful, and generally unsettling events we face. Whether it's your own relationship or a member of your close family, divorce also divides a financial partnership, and so it creates unique financial issues to consider. Some examples:

- Divorce always takes longer than people expect. During this time, expenses can increase significantly.
- Part of the divorce process is dividing up financial assets. It's imperative to remember that all assets are NOT the same: Cash is easy to divide, for example, but dissolving stocks and bonds may incur unwelcome tax implications, and retirement accounts, such as 401k or IRA accounts, have their own complications. Some assets, like a home, may be harder to value or sell. It is important to evaluate divisible assets not only on their worth, but on their ease of sale and the tax

When we lose someone close to us, we're never prepared emotionally. That can be a tough time to have to make important decisions.

things to remember when confronted with such a situation is to take a deep breath, and give yourself time to think. The moment of maximum chaos is the worst time to make important financial decisions, so don't do anything until you've had a chance to process the situation and think things through clearly—including speaking with experts you trust.

Here are two specific cases worth thinking about.

Unfortunate Event: The Loss of a Loved One

Losing a family member is devastating. Whether a long illness has given you an opportunity to prepare or the passing was tragic and unexpected, when we lose someone close to us, we're really never prepared emotionally. It's imperative to allow yourself time to grieve. That said, there are financial decisions that will need to be made relatively soon, and

collected and distributed, a process that can take several months.

- You'll have to present the death certificate and surrogate certificate to firms holding certain of the deceased's assets, like stocks, bonds, and cash, authorizing them to transfer the assets into a new "estate account" you'll set up so you can distribute those assets as dictated by the will.
- Some other assets, like Trusts or IRA accounts, will come with their own transfer instructions; others, like an owned business or real estate, will need to be valued and then either sold or transferred to family members.
- It is important for family members who "expect" an inheritance to understand it always takes time to secure the assets—don't let anyone pressure you!
- Several months after your loved one's passing, you may need to file an estate tax return and pay any necessary estate taxes.

implications of doing so.

- You or your spouse may be dependent on alimony and child support. But divorce decrees aren't always final in this regard; some revisit these issues (and payments) should your ex-spouse lose a job, become ill, or pass away.
- After the divorce, you will once again be financially separate individuals—an important time to revisit your personal financial planning, and take a look at your credit rating, debt, and investments, adjusting as necessary to make sure you'll be able to do all the things you want to do in the future.

Nobody wants disaster to strike. But when it does, it helps tremendously to have a working financial plan already in place. When you're ready to get YOUR plan together, reach out to us at McRae Capital Management: We'll bring 35 years of experience to bear helping you prepare for the best...AND the worst.